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WASHINGTON (UPI) - A MARKED REDUCTION IN THE SOVIET UNION'S ECONOMIC GROWTH APPEARS "ALMOST INEVITABLE" IN THE NEXT 10 YEARS AND THE MOST SERIOUS PROBLEM IS A LOOMING OIL SHORTAGE, THE CIA REPORTED TODAY.

THE REPORT SAID THE REDUCED GROWTH WILL MAKE IT "MUCH MORE DIFFICULT" FOR THE RUSSIANS TO PURSUE THREE KEY OBJECTIVES: CATCHING UP WITH THE UNITED STATES IN MILITARY STRENGTH; STEADILY EXPANDING THE INDUSTRIAL BASE; AND MEETING MINIMAL CONSUMER EXPECTATIONS FOR IMPROVED LIVING CONDITIONS AND WELFARE.

THE REPORT, RELEASED BY CONGRESS' JOINT ECONOMIC COMMITTEE, SAID THE SITUATION ALSO WILL "POSE HARD CHOICES FOR THE LEADERSHIP WHICH CAN HAVE A MAJOR IMPACT ON SOVIET RELATIONS WITH EASTERN EUROPE AND THE WEST".

"WE CONCLUDE THAT A MARKED REDUCTION IN THE RATE OF ECONOMIC GROWTH IN THE 1980S SEEMS ALMOST INEVITABLE," SAID THE REPORT. "AT BEST, SOVIET GNP (GROSS NATIONAL PRODUCT) MAY BE ABLE TO CONTINUE GROWING AT A RATE OF ABOUT 4 PER CENT A YEAR THROUGH 1980, DECLINING TO 3 TO 3 1/2 PER CENT IN THE EARLY AND MID-1980S.

"THESE RATES, HOWEVER, ASSUME PROMPT STRONG ACTION IN ENERGY POLICY, WITHOUT WHICH THE RATE OF GROWTH COULD DECLINE TO ABOUT 3 1/2 PER CENT IN THE NEAR TERM AND TO 2 TO 2 1/2 PER CENT IN THE 1980S."

THE REPORT EMPHASIZED: "THESE ARE AVERAGE FIGURES; IN SOME YEARS PERFORMANCE COULD BE BETTER BUT IN OTHERS, WORSE, WITH ZERO GROWTH OR EVEN DECLINES IN GNP A POSSIBILITY IF OIL SHORTAGES AND A BAD CROP YEAR COINCIDE."

LONG-STANDING PROBLEMS IN THE SOVIET ECONOMY ARE LIKELY TO INTENSIFY AND WILL BE COMPLICATED BY TWO NEW FACTORS - "A SHARP DECLINE IN THE WORKING AGE POPULATION AND AN ENERGY CONSTRAINT", THE REPORT SAID. "THE MOST SERIOUS PROBLEM IS A LOOMING OIL SHORTAGE."

THE CIA SAID SOVIET OFFICIALS LONG HAVE FAVORED INCREASING CURRENT OUTPUT OVER DEVELOPING NEW SOURCES OF OIL, AND PRODUCTION THEREFORE IS EXPECTED TO FALL. THE REPORT SAID THE SOVIET UNION IS BANKING ON NEW SUPPLIES OF OIL AND ALTERNATE ENERGY SOURCES GOING INTO PRODUCTION AFTER THE MID-1980S.

"~~Approved For Release 2001/04/09 : CIA-RDP79B00457A000600110004-2~~ THESE ENERGY SOURCES LIE EAST OF THE URALS," IT SAID, "FAR FROM MAJOR INDUSTRIAL AND POPULATION CENTERS - THEIR DEVELOPMENT WOULD TAKE YEARS AND REQUIRE MASSIVE CAPITAL INVESTMENT."